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PROJECT NO. 38578

**ENERGY EFFICIENCY
IMPLEMENTATION PROJECT
UNDER 16 TAC § 25.181**

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**PUBLIC UTILITY COMMISSION

OF TEXAS**

COMMENTS OF AEP TEXAS INC.

AEP Texas will be offering a Winter Load Management Pilot Program starting December 1, 2022, through February 28, 2023. This pilot program will be offered as part of the 2023 AEP Texas energy efficiency program portfolio. AEP Texas is attaching to this pleading the details of its program design following the template format that Oncor Electric Delivery Company LLC used in the comments it filed on October 28, 2021, in Project No. 38578, Energy Efficiency Implementation Project (EEIP).

Respectfully submitted,

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ON BEHALF OF AEP TEXAS INC.

AEP Texas Winter Load Management Pilot Program

PROGRAM OVERVIEW

Description

The Winter Load Management Pilot Program (Program) provides incentives to Program participants (Participants) for curtailing electricity demand when the ERCOT power region has declared a Level 2 Emergency or a higher level of emergency or has otherwise directed AEP Texas to shed load. Participants include non-residential customers, national or local energy service companies, commercial aggregation groups, and retail electric providers (REPs) that can identify curtailable load. The Program will operate December 1, 2022 through February 28, 2023 (Program operating period). Participants must be available to curtail 24 hours a day, seven days a week and be capable of curtailing load within 30 minutes' notice. The minimum load reduction that may be subscribed in the Program is 100 kilowatts (kW).

Program savings are determined using the load management calculations in the Texas Technical Reference Manual (TRM). A baseline load management test will be conducted to demonstrate that the participant is capable of curtailing at least 100 kW. Final Program payments are determined by established Program rules and TRM calculations.

Rationale

The Program seeks to support grid resiliency by providing winter load reduction capabilities in the non-residential market. Additionally, the Program addresses the requirements of Senate Bill 3 and is designed to comply with 16 Tex. Admin. Code § 25.181 (TAC) relating to the Energy Efficiency Goal implementing § 39.905 of the Public Utility Regulatory Act (PURA).

Program Objectives

The primary objective of this Program is to achieve reliable, cost-effective demand reduction to support ERCOT during the winter peak season. Additional objectives of the Program are to:

- gather information to inform and establish best practices for winter load management;
- encourage involvement by a wide range of Participants, including REPs;
- streamline Program processes to improve event notification protocols, data analysis, and Participant payments; and
- evaluate TRM calculations and evaluate possibilities for a more comprehensive winter load management program.

PROGRAM PRICING

Program Goals and Budget

The Program seeks to achieve 10 MW in load reduction during the Program operating period, with a budget of \$350,000.

Pricing Structure

AEP Texas will pay the project sponsor (i.e., customer, third-party aggregator, or retail electric provider) an incentive payment of \$35.00 per kW of the verified curtailed load, up to the approved kW amount for each site participating in the Program. There is no obligation to pay for any curtailed loads that exceed the approved kW amount. Performance will be measured and verified for each curtailment event. The total incentive paid after the conclusion of the program period will be based on the average performance over all unscheduled events. AEP Texas will verify a Participant's curtailment using the methodology approved by the Commission in the TRM.

ELIGIBILITY

Participant

All AEP Texas non-residential customers who have not opted out of the EECRF tariff, national or local energy service companies, aggregation groups, and retail electric providers that can identify curtailable load are eligible to participate. Each Participant must subscribe a minimum of 100 kW of load reduction to be eligible for the Program. Critical load and customers participating in other load management programs, such as ERS are ineligible. Eligibility is determined at the ESIID level. Additionally, load curtailment that will result in negative environmental or health effects are ineligible. This restriction does not preclude the use of self-generation that is in compliance with applicable environmental and health and safety laws. Load that is curtailed due to operational inability is not eligible to participate.

Measure

Participants must be capable of curtailing their load within 30 minutes of notification. Events may be called 24 hours a day, seven days a week during the Program operating period. AEP Texas may call a maximum of four unscheduled events during the Program operating period, with any single event lasting no more than four hours.

MEASUREMENT AND VERIFICATION

Responsibility

AEP Texas will identify and verify a Participant's load data through AEP Texas' Advanced Metering System (AMS). AEP Texas Energy Efficiency will work with AEP Load Research to acquire AMS data. Metering may be required to ping meters or dispatch technicians to acquire incomplete meter data. AEP Load Research will send the AMS data to Frontier Energy who will import this AMS data into their eCurtail database, which will maintain, analyze, and calculate load reduction based on TRM calculations.

Approach

Measurement and verification is completed by acquiring AMS meter data, identifying and resolving incomplete data, and completing calculations in accordance with the TRM.

Inspection Procedures

No onsite inspections are required in the Program.

PROGRAM PROCESS

Application

Potential Participants must complete an application to participate in the program. The application provides evidence of qualifications and identifies the participating ESIIDs. Submitted ESIIDs will be compared to the AEP Texas critical load and ERCOT ERS lists to ensure eligibility. Additionally, the Participant submits a load curtailment estimate as part of the application. Applications will be reviewed on a first-come, first-served basis. To enroll, participants will submit an application through an online database and sign applicable agreement documents. AEP Texas will request consent from Program participants during enrollment in the Program to provide notice to the participating customer's retail electric provider of record of the customer's enrollment in the Program and deployment of the customer's load curtailment in the Program. For customers that have provided such consent, AEP Texas will provide notice within 3 business days to the customer's retail electric provider of record subsequent to the customer's enrollment in the Program and subsequent to the deployment of load curtailment in the Program.

Participation and Incentive Payment

Participants must commit to: (a) one scheduled test curtailment of up to one hour during the Program operating period; and (b) a maximum of four unscheduled curtailments during the

Program operating period, with each curtailment lasting up to four hours in duration. The scheduled test curtailment will be conducted to demonstrate that the participant is capable of curtailing at least 100 kW. The Participant incentive will be established based on average performance over all unscheduled events. If there are no unscheduled events, the Participant incentive will be established based on performance during the test event.

PROGRAM PROMOTION

AEP Texas will conduct outreach to eligible program participants, including aggregation groups, REPs, and non-residential customers that can identify curtailable load. Program promotion and outreach will utilize existing email distribution lists for non-residential customers.

PILOT PROGRAM

As a pilot program, AEP Texas will test several aspects of the Program:

- demonstrate Program load reduction capabilities during the Program operating period;
- test the Program design, outreach and participant recruitment, program rules, data collection methodologies, and effectiveness of TRM calculations during the Program operating period;
- identify any issues with participant compliance and sustainability throughout the Program operating period; and
- identify the non-residential measures that provide significant load reduction during Program operating period.

AEP Texas will use Program findings and lessons learned to prepare a permanent winter load management program beginning in December 2023.